GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND FARMERS WELFARE
DEPARTMENT OF AGRICULTURE AND FARMERS WELFARE

LOK SABHA
UNSTARRED QUESTION No. 1993
TO BE ANSWERED ON THE 11Th MARCH, 2025

AGRICULTURAL CREDIT MECHANISMS

1993. Shri Pushpendra Saroj:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण मंत्री be pleased to state:

(a) whether the current agricultural credit mechanisms are adequately addressing the emerging challenges of climate-resilient farming practices, if so, the details thereof,

(b) the policy framework being considered to transition from input-intensive to knowledge-intensive agricultural systems;

(c) the strategic approach to integrate technological innovations like nano-urea and nano-DAP into mainstream farming practices; and

(d) the specific measures under consideration to build value chains where farmers receive 75- 80% of consumer prices similar to the dairy sector?

ANSWER

MINISTER OF STATE FOR AGRICULTURE AND FARMERS WELFARE
कृषि एवं किसान कल्याण राज्य मंत्री (SHRI RAMNATH THAKUR)

(a): The current agricultural credit mechanisms have been increasingly adapted to address the emerging challenges of climate-resilient farming practices, providing financial support to farmers to help them adapt to the impacts of climate change. These initiatives and policies have been tailored to support farmers in coping with climate-related challenges by promoting climate-smart agricultural practices, resilience, and sustainability. The details of these mechanisms are outlined below:

i. Interest Subvention for Farmers Affected by Natural Calamities: The Kisan Credit Cards (KCC) - Modified Interest Subvention Scheme (MISS) is a centrally funded scheme that provides concessional interest rates on short-term agricultural loans obtained by farmers. Under this scheme, farmers are offered KCC loans at a subsidized interest rate of 7%. An upfront interest subvention (IS) of 1.5% is provided to financial institutions, and farmers who repay their loans promptly receive a 3% Prompt Repayment Incentive (PRI), reducing the interest rate to 4% per annum. In the event of natural calamities, the scheme offers interest subvention on restructured loans for the first year, with normal interest rates applying from the second year. Additionally, for severe natural calamities, the scheme extends interest subvention and PRI on restructured crop loans for up to five years, based on the approval of the competent authority.

ii. Supporting agriculture credit through Agriculture Infrastructure Fund (AIF): The current agricultural credit mechanisms, particularly through the Agriculture Infrastructure Fund (AIF), are addressing emerging challenges in Climate Resilient Farming practices. AIF provides medium to long term loans to set up decentralized Infrastructure, such as farm gate storage and logistics, which reduces post-harvest loses and minimizes intermediaries. The Scheme offers loans with a capped 9% interest rate, Interest subvention of 3% per annum for loans up to ₹ 2 crore, and credit guarantee coverage for eligible borrowers. AIF supports climate-resilient initiatives like decentralized solar power plants under PM-KUSUM, precision agriculture tools, and organic input production, all of which help mitigate climate risks, improve productivity and promote sustainable farming practices. Through these measures, AIF is aligning agricultural credit mechanisms with the need for climate-smart investments, making farming more resilient and sustainable.

iii. Supporting Initiatives for Climate-Resilient Agriculture: Other agricultural credit mechanisms, such as the National Innovations on Climate Resilient Agriculture (NICRA) models, are integrated into watershed development projects to promote climate-resilient crop cultivation and livestock rearing. Additionally, Agri Fintech platforms like ITC MAARS enable farmers to use Kisan Credit Cards (KCC) and input loans, facilitating the adoption of climate-smart agricultural practices.

iv. Customized Climate Financial Products: Public policies have been encouraging the development of climate financial products that support adaptation activities in

regions vulnerable to climate change. These products provide incentives for investments in infrastructure and technologies that enhance climate resilience in agriculture. For example, NABARD's involvement in the Green Climate Fund (GCF) and the National Adaptation Fund for Climate Change (NAFCC) has directed significant resources toward projects aimed at adapting to and mitigating the impact of climate change in agriculture.

v. Promotion of Renewable Energy in Agriculture: The government has launched several initiatives to promote renewable energy in agriculture, which is crucial for reducing carbon emissions and ensuring energy stability in rural areas. Such as PM-KUSUM scheme offers financial assistance to farmers for installing solar-powered irrigation systems, solar pumps and grid-connected solar power plants. This reduces the dependency on conventional energy sources, lowers carbon emissions and enhances energy access for farmers. The scheme provides central subsidies of up to 30% to 50% for the installation of standalone solar pumps and for solarizing existing grid-connected agricultural pumps.

vi. NABARD's Initiatives for Climate Resilience: NABARD has been implementing the Watershed Development Programme, focusing on rainfed regions vulnerable to water scarcity. This program aims to increase water availability, promote the adoption of diverse and high-value crops, improve production and productivity and enhance farming conditions. These interventions reduce the risks associated with rainfed farming, resulting in improved credit flow. NABARD also supports tribal families by providing financial assistance for livelihood activities, such as orchard development, animal husbandry and micro-enterprise initiatives. This contributes to sustainable livelihoods and reduces distress migration.

vii. Voluntary carbon market in Agriculture: 11 projects have been registered under the Voluntary Carbon Market (VCM) in agriculture on the Veera VCS platform, which focuses on promoting sustainable farming practices.

(b)The government is developing Digital Public Infrastructure (DPI) in agriculture namely AgriStack for developing evidence based and data driven Decision Support System (DSS). By equipping farmers with knowledge and innovations, these efforts aim to improve productivity, reduce risks and enable farmers to adapt to climate variability, ensuring long-term agricultural sustainability. Further, the policy framework

mentioned above at point (a) is also being developed to facilitate the transition from input-intensive agriculture to knowledge-based and climate-resilient farming. This transition emphasizes the use of advanced technologies, better access to information and knowledge dissemination to farmers. It includes promoting digital to tools, precision agriculture, and real-time advisory services.

The Government of India is actively transitioning from input-intensive to knowledge-intensive agricultural systems to enhance sustainability, efficiency, and productivity in the sector. Key initiatives such as the Kisan Rin Portal are playing a significant role in this shift. The portal connects 1.89 lakh bank branches and provides farmers with easy access to financial resources, enabling them to the increasing working capital requirements like high-quality seeds etc. This encourages the adoption of sustainable, technology-driven farming practices. Additionally, the portal supports integrated farming systems by offering loans for diverse agricultural activities, fostering organic inputs and reducing reliance on chemical fertilizers. NABARD is also promoting knowledge-intensive agriculture by collaborating with ICAR, KVKs, and other research bodies, focusing on sustainable farming practices, natural farming, and farm mechanization. NABARD funds digital agriculture projects that leverage technologies like IoT, AI, drones, and geospatial tools for efficient farm management. Furthermore, ICAR and National Agricultural Research, Education and Extension System (NAREES) also contributes by developing resilient crops, enhancing productivity through sustainable practices, and improving food processing and energy-efficient technologies. The government is also encouraging the use of GIS, remote sensing, and AI for precision farming, which helps farmers make informed decisions to increase crop yields and minimize resource waste. Through these combined efforts, the government aims to build a knowledge-intensive agricultural system that enhances productivity, reduces environmental impact, and improves farmers' livelihoods.

(c): **The following strategic approach has been devised to integrate technological innovations like nano-urea and nano-DAP into mainstream farming practices:**

i. Use of Nano Fertilizer (Nano Urea/ Nano DAP) is promoted through different activities such as awareness camps, webinars, nukkad nataks, field demonstrations, Kisan Sammelans and films in regional languages etc.

ii. Nano Fertilizer is made available at Pradhan Mantri Kisan Samridhi Kendras (PMKSKs) by concerned companies.

iii. Nano Fertilizer has been included under monthly supply plan issued by Department of Fertilizers regularly.

iv. ICAR through Indian Institute of Soil Science, Bhopal recently organized National Campaign on "Efficient and Balanced Use of Fertilizer (including Nano-fertilizers)".

v. Promotion of use of nano fertilizers is also being done during various outreach campaigns.

vi. With an aim to provide drones to 15,000 women Self Help Groups (SHGs), the Government of India has launched the 'Namo Drone Didi' Scheme. Under the said scheme, 1094 drones have been made available to Namo Drone Didis of Women Self Help Groups, which is ensuring increased application of nano fertilizers through drones.

vii. Department of Fertiliser (DoF) in collaboration with fertilizer companies has initiated a Maha Abhiyan for adoption of Nano DAP in all 15 agro-climatic zones of the country through consultations and field level demonstrations. Further, DoF in collaboration with fertilizer companies has also launched campaign for field level demonstrations and awareness programs of Nano Urea plus in 100 districts of the country.

(d): The Agri Infrastructure Fund (AIF) in Department of Agriculture and Farmers Welfare (DA&FW) is focused on building agricultural value chains that ensure farmers receive 75-80% of consumer prices, similar to the dairy sector. The AIF aims to bridge gaps in post-harvest management and processing infrastructure, improving price realization for farmers, reducing waste, and enhancing market access. It decentralizes infrastructure by supporting farm-level storage, logistics, and value addition, reducing dependency on intermediaries and bringing farmers closer to consumers, especially for perishable goods. The fund provides affordable financing with a 9% interest cap, along with subsidies and guarantees, enabling farmers and agri-entrepreneurs to invest in essential infrastructure like modern warehouses, cold storage, and

processing facilities. Furthermore, it promotes investments in farming assets like organic inputs, seed processing, farm automation, and renewable energy projects, improving productivity and sustainability. These measures are designed to create a more farmer-centric value chain, enabling farmers to move up the value chain and secure higher incomes while ensuring high-quality produce reaches consumers at competitive prices. Further, in Department of Animal Husbandry and dairying (DAH&D), the dairy sector's model, where cooperatives ensure farmers receive the majority of the consumer price, serves as a reference for this value chain development approach.

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